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ADMINISTRATOR

January 31, 2005

The Honorable James E. Gilleran
Director
Office of Thrift Supervision
1700 G. Street, NW
Washington, DC 20552

Attention: No. 2004-53

Dear Director Gilleran:

We are writing to urge you to withdraw Proposal No. 2004-53 that would make a sweeping change to the definition of community development activity for purposes of Community Reinvestment Act (CRA) regulations. The proposal would expand the definition of a community development activity to include activities that benefit any individuals who reside in rural areas. As such, the proposal would shift the focus of community development activities away from the activities that actually benefit low and moderate income individuals to those activities that benefit any individuals regardless of their income levels. In our county, which is rural, this change would be detrimental to our on-going efforts and initiatives which focus on projects for low income families.


We are also concerned if OTS regulated institutions with assets greater than \$1 billion would be exempted from any requirement to serve the needs of low and moderate-income individuals as long as they provided some activities that benefit individuals in rural areas, but would still get satisfactory CRA ratings by, for example, financing up-scale housing developments next to golf courses for the affluent in rural locations. Again, this would be detrimental to our on-going efforts and initiative which focus on projects for low income families.

Finally, we believe that large institutions should not be permitted to choose whether to provide services to or make investments in the communities in which they are located. In addition, we believe that CRA obligations of large institutions ought not be reduced and those institutions should continue to be fully evaluated on their lending, service and community investment performance. Clearly, the effectiveness of the CRA would be lessened by allowing institutions to choose between providing services to, or make investments in their communities. The result of allowing such selections, we fear, would simply be that institutions would stop trying to do the harder services and investments that their communities need and would instead,

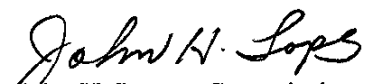
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concentrate on whatever was easier to do, regardless of the needs of their communities.

Sincerely yours,



Matthew D. Wender, President



John H. Lopez, Commissioner



Kenneth L. Eskew, Commissioner